

## § 984.59

shall transfer part or all of the handler's credit in excess of his reserve obligation to any handler he designates.

(e) *Pool proceeds.* The proceeds remaining after the payment of all expenses incurred by the Board in receiving, holding, and disposing of pooled walnuts shall be distributed pro rata by the Board to each handler in proportion to his contribution thereto, measured in kernelweight, or such other basis as the Board may adopt with the approval of the Secretary.

(f) *Rules and regulations.* The Board, with the approval of the Secretary, may prescribe such rules and regulations as are necessary to carry out the provisions of this section.

[41 FR 31544, July 29, 1976]

## § 984.59 Interhandler transfers.

(a) Within the area of production inshell walnuts may be sold or delivered by one handler to another for packing or shelling and the receiving handler shall comply with the regulations made effective pursuant to this part with respect to such walnuts.

(b) A handler may, for the purpose of meeting his reserve obligation, acquire walnuts from another handler, and any assessments, reserve obligations, and inspection requirements with respect to walnuts so transferred, shall be assumed by the buying handler. The Board, with the approval of the Secretary, may establish methods and procedures including necessary reports for such transfers.

(c) Except as provided in paragraphs (a) and (b) of this section, whenever transfers of walnuts are made from one handler to another, the first handler thereof shall comply with all of the regulations effective pursuant to this part.

[39 FR 35332, Oct. 1, 1974, as amended at 41 FR 31544, July 29, 1976]

## § 984.64 Disposition of substandard walnuts.

Substandard walnuts may be disposed of only for manufacture into oil, livestock feed, or such other uses as the Board determines to be noncompetitive with existing domestic and export markets for merchantable walnuts and with proper safeguards to prevent such

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walnuts from thereafter entering channels of trade in such markets. Whenever free and reserve percentages are in effect, the kernelweight of any walnuts meeting the minimum kernel content requirements effective pursuant to § 984.50(e), may be pooled and the disposition credited to the handler's reserve obligation pursuant to § 984.56. Each handler shall submit, in such form and at such intervals as the Board may determine, reports of (a) his production and holdings of substandard walnuts and (b) the disposition of all substandard walnuts to any other person, showing the quantity, lot, date, name and address of the person to whom delivered, the approved use and such other information pertaining thereto as the Board may specify.

[41 FR 31544, July 29, 1976]

## § 984.65 Compliance.

Except as provided in this subpart, no person shall handle walnuts, inshell or shelled, during any marketing year in which this subpart and any regulations issued by the Secretary hereunder are in effect, unless such person has previously met the obligations imposed by each such regulation and the provisions of this subpart.

## § 984.66 Assistance of the Board in meeting reserve obligation.

The Board may assist any handler in accounting for his reserve obligation and may aid any handler in acquiring walnuts to meet any deficiency in his reserve obligation, or in accounting for, or disposing of reserve walnuts.

[41 FR 31544, July 29, 1976]

## § 984.67 Exemptions.

(a) *Exemption from volume regulation.* Reserve percentages shall not apply to lots of merchantable inshell walnuts which are of mammoth size or larger as defined in the then effective United States Standards for Walnuts in the Shell, or to such quantities as the Board may, with the approval of the Secretary, prescribe.

(b) *Exemptions from assessments, quality, and volume regulations—*(1) *Sales by growers direct to consumers.* Any walnut grower may handle walnuts of his own production free of the regulatory and